

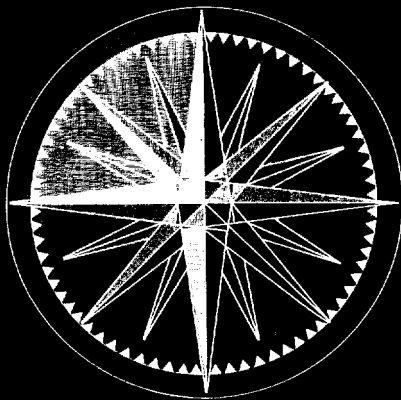
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SPECIAL REPORT

COMMUNIST WORLD'S ECONOMIC RELATIONS WITH AFRICA

CENTRAL INTELLIGENCE AGENCY
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COMMUNIST WORLD'S ECONOMIC RELATIONS WITH AFRICA*

The Communist countries continue to develop and expand their economic relations with African states. They have set up aid programs in fifteen of these states over the past seven years and, concomitantly, have greatly increased academic and technical training facilities for African personnel. The USSR and, to a lesser extent, Communist China have also taken advantage of anti-Western sentiment to provide military assistance and training. Although the Communist countries now account for only five percent of Africa's total trade, their share is continually increasing.

Economic Aid

Since 1958 when the Communist countries initiated their economic aid program in Africa, they have made available more than \$1.2 billion in credits and grants for economic development. The USSR continues to be the major aid donor, providing over 60 percent of the total amount. Communist China, with record aid extensions of about \$115 million last year, now has surpassed the level of aid extended by the Eastern European countries.

The impact which the bloc aid program made in the early years has been diluted, however, by the slow pace at which the programs have been implemented and their failure to measure up to African expectations. To date less than 26 percent of the aid has actually been utilized. Some African countries, particularly the earlier recipients, have expressed dissatisfaction

at the slow implementation and high costs of bloc-sponsored projects, the poor quality of bloc equipment, and the lack of essential spare parts. At the same time, the bloc, hampered by African inefficiency and by the inability of many African nations to meet local costs, has found it difficult to speed up work on the projects.

Although the aid programs vary somewhat in individual African countries, the emphasis is on assistance for agricultural development, the establishment of small-scale industries for food processing and consumer goods, and, to a lesser extent, development of transportation, power, and communications facilities.

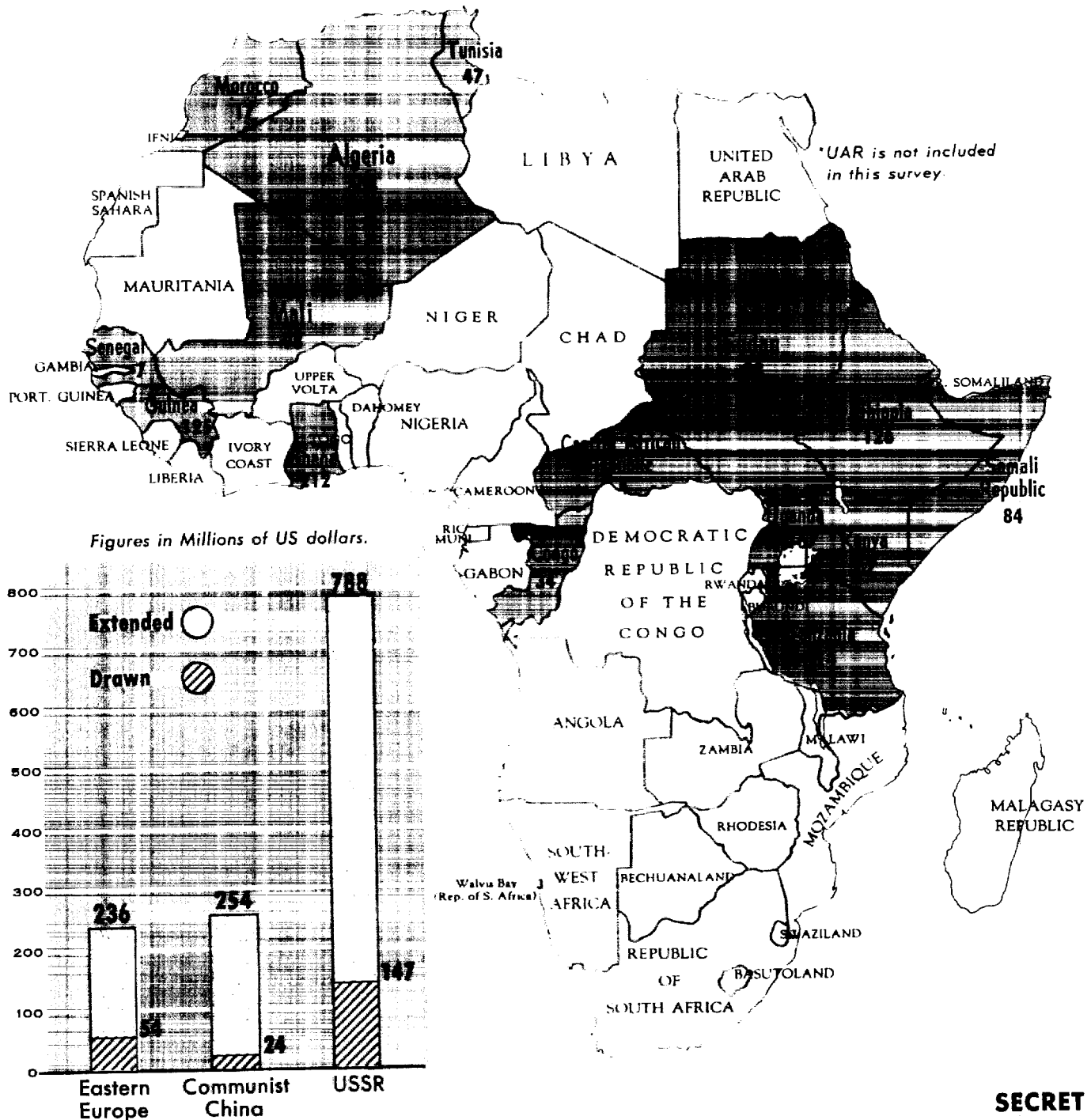
Chinese agricultural efforts, in particular, appear to be meeting with some success. Chinese

*This survey does not include Egypt.

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African Countries Receiving Bloc Economic Aid



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schemes to grow sugar, rice, and tea in Mali apparently are working out well, and several hundred Chinese technicians continue to be employed on these projects. In Ghana where the Chinese program still is in its infancy, technicians are providing assistance in growing swamp rice. These are to be followed by other groups to initiate similar projects for the production of vegetables, cotton, and peanuts. Both Moscow and Peiping are emphasizing the establishment of state farms for which they provide agricultural machinery, technicians, and advisers.

Moscow has shown an interest in helping African countries develop their fishing industries. The most comprehensive program has been developed for Ghana. Under it, Moscow is to supply at least 18 fishing trawlers and provide assistance for the construction of docking and repair facilities at Tema as well as for a large complex of fish processing plants. Over 60 Soviet specialists are engaged on various aspects of the project and 90 Ghanaians now are being trained in the USSR. The project promises to be mutually advantageous, since Soviet trawlers operating in the South Atlantic will have access to the facilities at Tema. Moscow also has offered or is providing similar assistance on a smaller scale to Senegal, the Somali Republic, Tanzania, and the Sudan.

The field of civil aviation afforded the bloc an early opportunity to enhance its prestige and net an immediate impact

from its assistance. Soviet and Czech assistance to Ghana, Guinea, and Mali--the provision of transport aircraft and personnel and development and modernization of airport facilities--initially met with considerable success. However, in the past several years both Moscow and Prague have encountered snags. Ghana, unable to operate Soviet-supplied transports economically, returned four of its IL-18 aircraft after a year of protracted negotiations. Guinea, apparently faced with similar problems, recently obtained Czech approval for the resale to Prague of two Il-14s purchased in 1959 and is in the process of negotiating the removal of all Soviet and Czech aircraft and personnel.

Completion of bloc industrial plants has been plagued by the inability of African countries to provide the necessary local financing. In an effort to surmount this problem, the bloc has earmarked sizable credits for the purchase of bloc commodities for sale on local markets, the proceeds of which are to be used to cover domestic costs of bloc-sponsored projects. This type of arrangement--already in existence with Ghana, Mali, the Somali Republic, and Tanzania--will become increasingly necessary as the financial problems of African countries mount. Negotiations for proposed Soviet aid projects in Kenya and Tanzania are foundering because of the local cost problem.

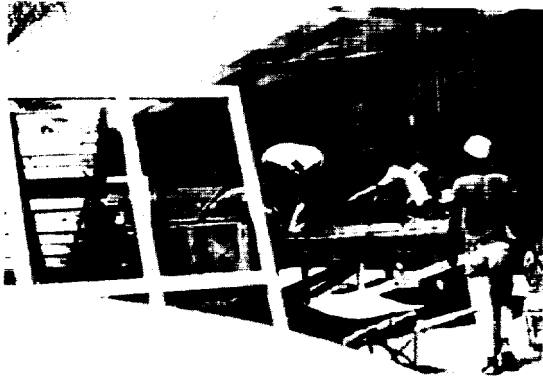
Technical Assistance

Communist countries regard technical assistance as one of

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BLOC AID PROJECTS IN AFRICA



Soviet technician directing work at printing plant in the Somali Republic.



Chinese-built tobacco plant in Guinea.



Soviet-built technical institute in Guinea.

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the more important instruments of their aid program. Increasing attention has been paid to the training--both academic and technical--of African personnel. Despite reports of student dissatisfaction and intermittent clashes with host countries because of racial discrimination, African students continue to account for the largest part of the increase in new students from the less developed countries enrolled at Communist academic institutions. At present, there are over 7,500 African nationals studying in Communist countries.

The Communist countries also have responded to the great need of African countries for technically trained personnel by offering vocational training. At the end of last year over 1,000 Africans were being trained in various technical fields. At the same time the bloc is establishing a number of technical training centers in African countries.

Concomitantly, the bloc has sought to meet the lack of qualified personnel by sending economic

technicians to participate in agricultural, educational, medical, and urban development activities. The past year has seen a large increase in the number of bloc administrative and advisory personnel working as economic planners and advisers to government officials at various ministerial levels. Over 5,500 economic technicians from Communist countries are currently serving in Africa.

Trade

Total bloc-African trade for the first six months of 1964 amounted to \$190 million--a 23-percent increase over the \$155 million for the comparable 1963 period. Trade with Ghana, Morocco, Nigeria, and the Sudan accounted for over two thirds of the total.

Bloc exports to African countries rose from \$70 million in January-June 1963 to \$96 million in January-June 1964--a 37-percent increase which results largely from Chinese tea shipments to Morocco and Soviet aid deliveries to Mali. Bloc imports of \$94 million during the first six months of 1964 registered an 11-percent increase from \$85 million in January-June 1963.

The Eastern European countries, with long histories of trade with Africa, account for the largest share of Communist trade there. Their total trade during the first six months of 1964 amounted to \$94 million compared with \$49 million for the USSR and \$35 million for Communist China. The largest

ESTIMATED NUMBER OF AFRICAN PERSONNEL UNDERGOING TRAINING IN COMMUNIST COUNTRIES

1964

Type of Trainee	USSR	Eastern Europe	Communist China
Academic Students	4,640	2,755	150
Technical Trainees	410	700	40
Military Personnel	675	35	15

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percentage increase in trade between the Communist countries and Africa, however, was with China, whose trade during the first six months of 1964 almost doubled over the comparable 1963 period. The slight decline in total Soviet trade with the area was caused primarily by a sharp drop in imports from the Sudan--presumably reflecting reduced cotton purchases.

Commodity composition remained essentially the same, with the Communist countries exporting machinery and equipment, petroleum, cement, consumer durables, and other manufactured items in exchange for cocoa beans, cotton, wool, peanuts, bananas, bauxite, and iron ore.

The rise in trade can be expected to continue. Recently expanded relations with countries in Central and East Africa probably presage a trade-expansion drive. Bloc trade overtures appeal to many African countries whose raw materials face stiff competition in free markets. Additionally, these countries, lacking the foreign exchange resources to finance capital goods from the West, look to the Communist countries as a source for a large share of their industrial machinery imports.

Military Aid

Communist military aid in Africa is largely a Soviet program, although China also provides small amounts. The Soviet effort is two-pronged: in

**ESTIMATED COMMUNIST MILITARY
AID TO AFRICA**
(million dollars)

RECIPIENT	USSR	COMMUNIST CHINA
Algeria	85	12
Somali Republic	35	-
Morocco	11	-
Guinea	8	-
Ghana	6	-
Mali	2	some
Tanzania	some	some
Congo (Brazzaville)	some	some

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addition to military aid pacts concluded with seven countries, Moscow--apparently believing it impolitic to become directly involved in some situations--has encouraged military assistance by the UAR and Algeria to dissident groups.

Formal Soviet aid pacts have been concluded in North Africa with Algeria and Morocco, the latter now moribund. Large quantities of armor, artillery, aircraft, and some naval equipment, accompanied by Soviet training missions, have been delivered to Algeria. Algerian military trainees are undergoing instruction in the USSR and Bulgaria. Soviet aid and encouragement to Algeria to provide military assistance to other African states suggest that Moscow sees Algeria as a significant force in African affairs. Additional arms are likely to be delivered as Algeria

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demonstrates a capacity to absorb more advanced equipment, such as surface-to-air missiles. Peiping's military assistance to Algeria has been limited to promised aid for the militia.

In West Africa the USSR has provided small amounts of military aid to Guinea, Mali, and Ghana. Presumably these programs were designed primarily for the immediate political impact, and there has been no major Soviet effort to expand deliveries. Recently Peiping has supplied some small arms to Mali for use in border areas. Ghana has, from time to time, discussed more Soviet aid and the USSR has beefed up its military presentation in Accra, but no new pacts are known to have been proposed by either partner. Arrangements apparently were recently made for bloc and Chinese military aid to Congo (Brazzaville). A few Soviet and Chinese military technicians are reported in Brazzaville and small quantities of materiel have been delivered in recent months. The departure of Congolese trainees for the USSR last month suggests that a wider program may be implemented by the end of the year.

In East Africa Soviet military aid programs are in effect in the Somali Republic and Tanzania. Soviet and Chinese offers remain outstanding in Kenya. The Somali program was set up in 1963 and implementation began in late 1964. Considerable quantities of arms and artillery have been delivered recently, and a training program is under way. Training on MIG-15 aircraft is being delayed while appropriate facilities are established.

Military aid to Tanzania began early last year when initial shipments were made to Zanzibar by both the USSR and China. Following Zanzibar's union with Tanganyika, both Moscow and Peiping set up operations on the mainland as well. Small amounts of armor, artillery, and other weapons have been delivered and both Chinese and Russian military technicians are active in Tanzania. In recent months there is increasing evidence that bloc arms delivered to Tanzania have been passed on to both Congolese rebels and antigovernment groups from Mozambique. (SECRET NO FOREIGN DISSEM)

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